

Nearly Done

Sutter Health Gets Ready to Open Hospital and Expand System in Santa Cruz

Hospitals - Sutter Hospital

by Mary Bryant

The building you can see from the Soquel Drive. Contractors work almost every day, installing windows, finishing plaster siding, constructing rooms.

Standing at about 67,000 square feet, the structure is one of the largest single structures built in the county. And, the steel used in the framing makes it also one of the most sturdy, designed to ride an 8.5 magnitude earthquake without damage to the supports.

Within another six months, with landscaping complete, officials from Sutter Health plan to cut the ribbon on their newest hospital. Then doctors and nurses will begin their work of delivering babies, removing diseased gallbladders and performing the other kinds of short-stay surgeries the facility was designed to accommodate.

However, beyond building a hospital and staffing the operating suites, Sutter has an even grander plan. And, for their newest Sutter community, Sutter Health officials apparently aren't sparing any expense in their drive to bring integrated health care to this seaside town.

Sutter is in the final phases of construction of a new, 30-bed hospital set to open in early 1996, construction, equipment and initial start-up costs are estimated to be \$23 million. Sutter has also acquired part of the assets of the county's largest multi-specialty physician group Santa Cruz Medical Clinic, and is finalizing the agreement to buy the rest of the outstanding holdings. When done, the county's most prominent physician's group, with offices from Scotts Valley to Watsonville, will be affiliated with Sutter's Palo Alto Medical Foundation. But, there's even more.

Sutter Health has said Sutter's own health mainte-

nance organization (HMO) Omni Healthcare will soon be available to local employees. And, Sutter has entered into formal discussions with the area's largest home health agency, Mid-Coast Visiting Nurses Association, to purchase the organization's assets.

Also, making good a promise made when first announcing their arrival, Sutter officials are working to develop their own community board of directors to oversee the local operations.

Opening Soon

While the first day of business may still be months away, considering that Sutter Health officials have been at work on their Santa Cruz

plans for years, the opening of their 67,000 square foot acute care hospital appears near.

"It looks like we will have beneficial occupancy in December, which means then [we] will go out for licensing," said Sutter Health's acting Bay Region communications director Tony Browne. "It looks like we will be open for patients in late January or early February."

Browne additionally confirmed that the finishing touches were being applied to Sutter's contract with physician partners at the Santa Cruz Medical Clinic.

"That's the plan. It is not yet done," noted Browne. "My understanding is that they are

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caught up in some of the paperwork and legalities, and as soon as those are [worked through], then everybody signs off, and it's a done deal."

Browne emphasized that for Clinic customers nothing would change as a result of the pending purchase of remaining Clinic assets by Sutter.

"The same people will be there doing the same things.

Wayne Boss will still be the clinic administrator," said Browne. "You would not see any external change."

Browne said that Sutter plans to "affiliate" or merge the Santa Cruz Medical Clinic with their distinguished Palo Alto Medical Foundation. Browne said that the Santa Cruz foundation would be set up as part of the Palo Alto organization, with central administrative and contracting services originating from the Bay Area.

Browne said the Sutter

medical foundation was similar to the medical foundations sponsored by rival system Catholic Healthcare West. CHW sponsors Dominican Santa Cruz Hospital, and their medical foundation purchased the assets of Western Medical Associates, a small group of primary care physicians in the county earlier this year.

Lots To Do

Compared to even the most active of systems, Sutter has

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been very active. Within a decade, Sutter Health has grown from a small non-profit two-hospital organization, to a 16-hospital group with 4,000 physicians under contract to one of several Sutter medical foundations.

With fewer hospitals than Catholic Healthcare West, Sutter holds the distinction of being among the largest secular-for-profit systems in the area. Unlike the smaller

Good Samaritan system in San Jose and the Bay Area's California Health Systems, Sutter Health has survived many of the shakeups of the early '90s, and continues to be shopping for more growth. Sutter is so successful, that according to some, the same hospitals that Sutter used to be ranked alongside when comparisons were drawn are now among prospective future acquisitions for Sutter. Browne adds that this is all part of the plan.

"Sutter is building a delivery network throughout the Bay Region," said Browne. "And you look at where the affiliates are, and where the discussions are underway for affiliation like with California Health Systems [in San Francisco], then it is glaringly obvious that when you get down to the South Bay, there is currently nothing in Sutter's network there," said Browne. "Sutter wants a presence in San Jose. It could be Good Sam. It could be some other presence."

As part of the delivery network, Sutter will need to find doctors and a hospital to serve what Sutter executives hope will be lots of South Bay patients.

Among the prospective bidders for Santa Clara's Good Samaritan System (Good Samaritan Hospital, South Valley Hospital and San Jose Medical Center), Sutter Health has reportedly made the short, select list of bidders. Also reportedly on the "short" list are Columbia HCA (the country's largest for-profit hospital corporation), Tenet (a for-profit corporation from the merger of American Medical International and National Medical Enterprises), and Catholic Healthcare West (among the biggest non-profits systems in the nation). But, besides new hospitals and doctors, Sutter is also looking for some new

employees, according to Browne.

After the sudden announcement of a shift among top executives at the Sacramento based company early in the year, Van Johnson was appointed to head Sutter Health and promoted to the role of the system's chief executive officer. Johnson replaced Patrick Hayes.

Among the candidates stated to have been considered for the system's top job during a brief review period was Sutter's Senior Vice President Gary Susnara, who has been responsible for operations within Sutter's Bay Region (including Santa Cruz). Susnara joined Sutter in 1986, and now expects to leave Sutter at the end of this year.

Susnara released news in June that he had accepted the offer from the Sisters of Charity Health Services Colorado Regional board to take the reins of the very new multi-hospital system in Colorado.

As part of the announcement, Susnara was credited with a national reputation as a leader in integrated health care delivery, and with creating and implementing the strategy that moved Sutter from a hospital-based organization to an integrated delivery system capable of meeting all of the health care needs of the communities it serves. Sutter currently has assets of \$1.2 billion. The Sisters of Charity's new combined system has assets of about \$1.9 billion.

According to the release, one of Susnara's first duties will be to set up corporate headquarters for the new system, that is after he finishes his job at Sutter.

"Gary is still taking care of [his duties]. Gary is going to be here through July. I know he and Van [Johnson] are talking about a transition plan. There are so many things in the works for Sutter," said Browne.

Browne also noted that former vice president of communications for Sutter Steve Heath had resigned. Heath had been very active in the Santa Cruz region working on the development of Sutter's hospital and affiliate relationships within the community. Browne said there was presently no one selected to replace Heath. □

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